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CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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25X1

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THE SOURCE EVALUATIONS IN THIS REPORT ARE
THE APPRAISAL OF CONTENT IS TENTATIVE
(FOR KEY SEE REVERSE)

1. Specialization

25X1

- a. The authorities responsible for planning civilian production in the mechanical engineering industries follow the principle of specialization as far as possible, and, in general, allocate the production of any one line to only one factory.
- b. Numerous bottlenecks result from this policy, owing to the absence of any alternative source of supply should one factory's production be interrupted. For example, the Csepel Automobile Works is entirely dependent on the Hungarian Steel Goods Factory (Magyar Acélárugyár) for laminated plate springs and on Small Spring Factory (Kisrugo Gyár) for spiral springs. When at the beginning of 1953 the latter's deliveries of springs were of unsatisfactory quality, the Csepel Automobile Works nearly had to cease production.
- c. Specialization has been applied particularly to:-
 - (1) The machine-tool industry
 - (2) The ball-bearing industry

In both of these industries specific lines of production were allocated to the European Satellites according to intra-Bloc co-ordination schemes.

- d. Specialization, however, is not applied to such an extent in armaments production, where the same item is produced by more than one factory.

2. Geographical Distribution

- a. Mechanical engineering factories are mainly concentrated in and around Budapest.
- b. Of the 46 main factories, 30 are in Budapest, 4 in Miskolc, 1 in Győr and 11 elsewhere. Of the 29 more important plants, 21 are in Budapest, 3 in Miskolc and 5 elsewhere.

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- 2 -

25X1

- c. The declared policy of the Government has for some time been to decentralize industry, but so far little progress has been made in the engineering industries. The choice of Debrecen for the Ball Bearings Factory was made in accordance with this policy.
- d. The decentralization of armaments plants has been carried out to a far greater extent.

3. Research.

- a. Research on technology and development of new processes is carried out by (Gépipari Technológiai Kutató Intézet) the Technological Research Institute for the Mechanical Engineering Industry.
- b. Development and designing of new machines, particularly machine tools and single-purpose machines, is the responsibility of the Prototype Engineering Factory (Mintagépgyar).
- c. For planning new plants and organizing working methods there is a special Institute for Organizing Work in Mechanical Engineering (Gépipari Tervező Intézet).

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